

Transport for Wales EV Charging Point Project

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A. Background

- The key objective of Transport for Wales ("TfW") is to ensure that wherever possible there are rapid charge facilities at approximately every 25 miles across Wales' Strategic Road Network. The project team is in the process of identifying about a dozen sites across Wales in order to meet this objective.
- TfW are engaging with local authorities and other landlords to help identify sites which can also meet wider project objectives in the context of the Wellbeing of Future Generations Act.
- At the same time as liaising with charge point operators ("CPO") pursuant to this paper, TfW is liaising with landlords as regards the terms of the leasing arrangements for the benefit of the CPO.
- TfW intend to finance the required electricity grid infrastructure necessary for rapid charging and transfer such arrangements to the CPO.

It is to be recognised that TfW is entering into this procurement to help alleviate the challenging current market conditions as regards the deployment of EV charging points in rural parts of Wales.

B. Purpose

The purpose of this paper is for CPOs to provide feedback on the most desirable terms to enable TfW to deliver on its key objective indicated above, bearing in mind that there has to be a balanced risk apportionment and value for money for the public purse.

C. CPO Concession Agreement Terms

1. Responsibilities

The proposed roles and responsibilities for the project are as follows:

Lease

- TfW will identify and obtain agreement in principle to siting of charge points with relevant landlords
 - Stakeholders have place a significant emphasis on being a part of the selection process for analysing appropriate charge point sites and the drafting of agreements with the relevant landlord.
- TfW to have agreed a draft form of lease with relevant landlord subject to CPO comment and approval
- CPO to enter into the lease with the landlord

DNO Connection offer

- TfW to have applied for a grid connection with the DNO (to deliver the necessary grid infrastructure upgrade for rapid charging) for acceptance by the CPO
 - Advise that CPO assists with this process.
- TfW to reimburse CPO for costs incurred under the connection offer for both contestable and noncontestable works
 - TfW will therefore novate the grid offer to the CPO on appointment

Planning

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- CPO to be responsible for all other necessary consents
- CPO to be responsible for the installation, operation, maintenance, financing and decommissioning of the charging points including associate infrastructure, initial bay marking and signage to a standard specification
 - Must detail all costs for any of the above while charge points operational.

TfW would have no responsibility for the landlord and/or the DNO.

2. Site Location

When choosing a site, what do you believe to be the key criteria for a suitable site?

Demographics

Household income

Car availability (number registered in proximity)

Dwelling tenure

Residential and business population

Infrastructure

DNO connections

Locations away from live equipment e.g. lamp posts (at least 2.5m); well-lit or if the site is capable of being well lit

Areas where there is a good pavement width to allow for charge points and pedestrians

Transport Network

Major transport nodes/intersections

Access to two-way traffic flows

Annual average daily flow

Built Environment

Areas close to high streets and local amenities (toilet, café, and retail convenience)

Must have sound tarmac surface or potential to install

Access to site 24/7/365

Site must be safe, secure and convenient

Opportunity for the site to be expanded (at the expense of the CPO)

Please provide examples of what makes a site not suitable?

Excessive distance from a main road or restricted road access

Time limitations to user access

Projected low take up of electric vehicle and/or housing already have access to ev charging on drives

Poor grid access

Areas of existing parking pressures/stress

3. Length of concession

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What is the optimal duration of a concession/lease agreement (with TfW funding the grid infrastructure works) to enable CPO to recoup its investment?

- Clear signal that the minimum duration is 10 years, with a preference of at least 15, up to 30 years. Suggestion of a minimum term with possible extensions written into an early agreement, such as 15+5+5.
- On CPO side, would be beneficial to have details of forecast utilisation and likely ramp up estimates.
- On TfW side, should expand on the conditions around technology upgrades during the term of the lease.

What are the consequences of the concession being too short or too long?

Short:

- Markets unlikely to engage, and inability to recoup investment. Costs to consumer high to recover high upfront costs.

Long:

- Possibility of site redundancy without technology refreshment clause, discourages CPO response to market changes. Any risks around early termination/tenant breaks can be addressed with acceptable amendments.

4. KPIs

To ensure a suitable and efficient service what types of KPIs would you recommend?

- Total number of charging sessions (quarterly):

- day of the week
- by chargepoint
- by payg /members /monthly account users
- by time of day

- Total number of charging sessions in the current financial year

- Total users
- Total quarterly account users
- Overall utilisation of each chargepoint

- % uptime of each charging unit during the reporting period

- Availability of chargers

- Number of failed chargers – with detail

- Number of incidences of equipment failure or damage for each charging unit during the reporting period

- User errors and payment failures – focus on simplicity of use

- Customer care - helpline support

- Compliance with response times

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- Details around evidenced commitment to maintenance and cleaning
- Costs of equipment from initial design to deployment
- Costs of operation
- Details of any fees
- Details of back office integration and software provision, to assure open systems and development capability, particularly openness of roaming (meaning integration of payment systems with other networks)
- Preferential rates for charging (on this network and UK wide if beneficial) for TFW and its selected partners
- Approach with minimal planning permissions
- Ability to include value additions in the future, such as pre-booking (this is a lower-priority point)
- Welsh language support
- Use of local companies and staff in delivery
- What speed of deployment could be guaranteed

How long following contract award would you expect to be commissioning a rapid charge point?

The time between the contract being awarded and the commissioning of a charge point varies from immediately following the contract (if the commissioning of a rapid charge point is done alongside contract negotiations) to 3 – 4 months, to 15 months, all dependent on the scale of the project (developing a few rapid chargers to developing an integrated hub with battery storage). All is subject to secure grid connections and planning permissions.

What remedies would you propose for TFW for the installations to be completed within the proposed timetable?

- Timescale in which we must complete failing which the contract is withdrawn. This should be subject to extension for legitimate reasons and with service of notices.
- Details of proposed sites including ownership and relevant contacts from local authorities included in the tender specification
- Agreement for street, highways and to attend regular meetings and provide follow up actions in a timely fashion to ensure deployment of selected sites within agreed timescales
- Timely approval of selected sites, site sketches, drawings, permissions and consents to enable delivery within agreed timeframes
- Confirmation from highway agencies/local authorities on commitment to deliver sites and site approvals
- Site selection highlighted as an early priority in the method statement

What remedies would you propose for TFW to ensure that the installations are operated efficiently for the benefit of users?

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-Timescale for repairs of chargers (inspection within 24 hours, repairs within a week subject to parts etc.)

-Installation of new/updated infrastructure during the term as tech improves

-CPO income model tied to user benefit / uptime levels

5. Termination events

What types of termination events would you be prepared to accept?

- Lift and shift at a fee to an agreed similar location. Similar location should be within a 0.5 mile radius with the same optimisation rating. If no acceptable location, CPO should be compensated for all costs incurred.

- The installation of a feeder pillar and charge point requires substantial investment which is typically recouped over the contract period. As such, we would strongly advise against removal of the charge point and advise approved sites are available during the lifetime of the contract/licence agreement.

- Termination for certain criteria with an agreed early termination penalty

- Performance related failures

- If the Landlord forfeits the lease then the CPO-TfW agreement should automatically fail but TfW to use best endeavours to find another site.

6. Concession expiry

At the end of the concession, it is open for the CPO to agree an extension to the lease with the landlord.

Would you agree with such a proposal? if not, what alternative would you suggest otherwise?

- In principle an extension is supported, subject to utilisation of the chargers.

- Alternatives could include site decommissioning or a sale at a residual value.

7. Landlord

Do you foresee any difference in terms/issues if the landlord was private as opposed to public?

- No problematic differences are foreseen. There are usually small differences but broadly this can be readily accommodated. In some instances, private sector seek more flexibility for sale of a site.

8. Lease

As indicated above, we would propose that the landlord grants a lease to the CPO to install the EV charging point. Would you agree that this is the most desirable structure, if not please suggest an alternative structure and reasons why?

- A lease structure is acceptable.

Are there any particular provisions in a lease that you commonly encounter issues with/debate with the landlord?

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- Alienation, DNO Substation Lease (some are 99 years), Decommissioning, Direct Agreement and tenant as an SPV, right to enter associated wayleaves and lift and shift clauses, avoid break clauses, ownership of infrastructure after the contract period without payment.

9. Site changes

We would anticipate that the landlord has a right to ask for the charging equipment to be moved within the site or relocated to another location to accommodate landlord redevelopment.

What recourse/remedies would you be seeking in such circumstances?

- Lift and shift on landlord's terms but all loss of revenue and costs associated to be reimbursed to the tenant. Subject to advice under Section 5 (Termination Events). If a suitable alternative location is not available, then the licence should be terminated and the service provider should be compensated for all costs incurred.

10. Exclusivity

Do you foresee having exclusive rights to develop a charging point on the landlord's site?

- Yes, with a distance and time limit.

If so what would you foresee to be the breadth of such rights?

- Exclusive rights to use the sites and equipment within Landlord's title or other land they control within 10km

11. Landowner's losses and liabilities

What losses or claims do you consider the landowner may wish to make against the CPO under the lease and which do you think would be fair for the CPO be liable for?

-Limit of liability to be only for matters that are as a direct result of CPO negligence and provision of indemnity policies for anything else. Possible differences here between public and private landlords.

12. Lease rental

Which payment method is preferred under the lease:

(a) a fixed ground rent?; or

(b) a royalty share based on the income from the end user of the EVCP?

- Preferences vary, with a slight preference towards fixed ground rent with the possibility of rising over the term of the lease.

13. End customer charges

How will you determine the charge payable by the end user of the EVCP?

- Charges to be negotiated with Tfw. Preferential early adopter rates (if using a membership scheme) are an option to be negotiated.

- Influenced by local and national prices as a benchmark, aimed at achieving local or national competitiveness.

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Would you survey other EVCP costs in the area?

14. Any other key points

Requests for further details from TFW:

- It would be helpful to have an overview of the desired of the number of chargers required at any of the locations to be identified
- Will the requirement be for chargers with Chademo, CCS and Type 2 (AC) connections?
- Will any sites be suitable for a blended approach of fast and slow charge points, or is this tender exclusive to fast charge points? Will this answer depend on the location? What speed of chargers is TFW seeing?
- Are the dozen sites an upper limit, or is this a first phase?
- Will any weighting be given to CPO's which already have a presence and network in Wales?
- Is there an opportunity if the CPO already has sites in Wales to potentially expand some of those sites to meet TFW requirements?
- Can details of relevant project objectives be provided and any weighting applied to selection criteria?
- Can CPOs contribute to the leasing arrangements with landlords?
- How much power will be provided?
- Would expansions on the current intentions be possible if reflected in additional costs for the CPOs?
- What time frame or ideal SLA?
- In house or external legal resource?
- What will be reimbursed under Section 1, DNO connection offer?
- Would weighting be given to CPOs with multiple equipment suppliers – some CPOs are technology independent selecting best supplier for the site / based on landlord or stakeholder preferences (e.g. eVolt is the Highways England supplier of choice).

Other notes:

- Recommend consideration of number of initial charge points and the possibility of contractual committing CPO to expanding the number and quality of charge points if viable.
- As mentioned above, recommend CPO involvement in the selection of sites.
- Recommendation that preference be given to companies that are 'open to roaming' and actively are integrating with other network's payment facilities in order to reduce the number of RFIDs and Apps a driver needs to use.

Any there any other matters that CPOs consider relevant to the terms of the concession agreement or the lease?

- Equipment remains in ownership of CPO, pre-emption rights if landlord wants to sell
- Extension of lease rights to be included in the lease as well
- Income per site is based on projected level of charge point activation agreed at the point of contract signing
- Time limited clauses embedded within agreement to ensure site proceeds to installation